Insurance execs do favor some kind of passive restraint

Survey shows faint air-bag support

By Alison Kittrell
Crain News Service

Most insurance risk managers favor some kind of passive-restraint system to protect motor vehicle drivers and passengers, but the majority think mandatory air bags are a lot of hot air, according to a survey conducted by a sister publication of AUTOMOTIVE NEWS.

Of the 45 risk managers responding to a survey by a *Business Insurance* Risk Management Board, only 16, or 35.6 percent, thought that auto makers should be required to equip new cars with air bags.

Twenty-eight, or 62.2 percent, disagreed with the idea of mandatory air bags and one did not answer.

A recent Transportation Department regulation may require air bags, automatic seat belts or safer interiors in all new cars. The regulation would be phased in beginning in 1987. However, the regulation would be eliminated if states representing two-thirds of the population enforced mandatory seat belt use laws by April, 1989.

To get the risk manager's view of this controversy, *Business Insurance* surveyed its Risk Management Board, a group of 71 risk managers who have volunteered to respond to periodic surveys on risk management issues.

Although only a minority of the respondents supported the mandatory installation of air bags, a slightly higher percentage felt that the additional cost of air bags could be justified by lives saved, reduced medical expenses and lowered insurance costs.

• Nineteen, or 42.2 percent, said the advantages would justify the cost; 22, or 48.9 percent said the cost of air bags would not be offset by the advantages, and four, or 8.9 percent, had no opinion.

However, a majority of the risk managers said they favored the installation of automatic seat belts, which swing into place when the car door is closed, to meet the regulation. And, safer car interiors, including better-padded dashboards and a body structure designed to better absorb the shock of a crash, also found favor with a majority of the respondents.

Although a majority of respondents disagreed that the passage of mandatory seat-belt-use laws would be an effective substitute for passive restraints, most of the risk managers support the passage of such laws, without regard to the mandatory air bag regulation.

Reflecting their skepticism about air bags, the majority of risk managers said that when purchasing a car for their company fleet or for their personal use, they would choose a less-expensive car without an air bag over a more-expensive car with the device.

Whether a respondent favored requiring air bags in automobiles seemed to depend on whether he felt that air bags would be effective in protecting drivers and passengers from death or injury.

Typical of the position of those who favored mandatory air bags was the comment of the risk manager who said air bags "save lives, reduce injuries, save workers compensation and medical costs."

However, many respondents remained skeptical about whether air bags would function effectively.

The risk manager for a manufacturing firm said, "It has yet to be demonstrated that (air bags) are more effective than seat belts or that they can provide protection from other than head-on crashes . . . Seat belts protect from all sides."

Other risk managers feared that air bags would cause more dangers than they would guard against.

Still others feared that the air bags would inflate prematurely or not at all, or that they would interfere with a driver's ability to maneuver the vehicle once they inflated.

Some respondents said that air bags would be too expensive.

The final argument made against air bags by some of the respondents was that requiring them in new cars was an unwarranted intrusion on the part of the government.

• Substantially more risk managers preferred automatic seat belts to air bags. Some 29, or 64.5 percent of the respondents, said automakers should be able to substitute automatic seat belts for air bags to meet the safety regulation. Fourteen, or 31.1 percent, said they should not be able to substitute automatic seat belts, and two, or 4.4 percent, did not answer.

Most of the respondents who advocated automatic seat belts said they felt the belts would be cheaper and more effective than air bags.

The majority of risk managers also liked the idea of safer car interiors. Thirty, or 66.7 percent of the respondents, said these safer interiors should be permitted as an alternative to air bags, 13, or 28.9 percent, disapproved of the substitution; and two, or 4.4 percent, did not answer.

Several risk managers said air bags, automatic seat belts and safer interiors should all be required for maximum safety.

Some risk managers suggested that tougher vehicle inspection and drunken driving laws or stricter enforcement of speed limits would be equally or more effective in reducing accidents as any of the other alternatives.

Dodge Daytona enshrined

The Dodge Daytona Turbo Z that may be the last car to set NASCAR speed records on the sands of Daytona Beach, was enshrined in the International Motorsports Hall of Fame, Talladega, Ala., alongside a record-setting winged Daytona of another era. Doing the honors are J. S. Hannan Jr., right, Chrysler Corp.'s Memphis zone manager, and Don Naman, acting director of the hall. Joe Varde drove the Turbo Z 133 MPH on the beach. A winged Daytona of the '60s with Buddy Baker at the wheel was the first car to break 200 MPH on a closed course.

Royalty visits Goodyear

The Duke of Kent donned a crash helmet and did a few laps around the Goodyear test track during a recent visit to the company's headquarters in Akron. The Duke visited Akron, Cleveland, New York and Chicago in his official capacity as vice chairman of the British Overseas Trade Board.

factories list auction dates

American Motors

Sept. 4—D-A Auto Auction, New Stanton, Pa.

Sept. 6—Todd Auto Auction, Telford, Pa.; Evansville Auto Auction. Evansville, Ind., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Sept. 11—Aptco Auto Auction, Taylor, Mich., and High Point Auto Auction, High Point, N. C.

Sept. 12—Southern Auto Auction, East Windsor, Conn.; Metro Milwaukee Auto Auction, Caledonia, Wis.; Columbus Fair Auto Auction, Obetz, O.; Kansas City Auto Auction, Kansas City, Mo., and Central States Auto Auction, Mason City, Ia.

Sept. 13—Corry Auto Auction, Corry, Pa., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Sept. 14—Concord Auto Auction, Acton, Mass., and Floyd Hauhe Auto Auction, Bridgeton, Mo.

Sept. 18—D-A Auto Auction, New Stanton, Pa.

Sept. 20—Todd Auto Auction, Telford, Pa.; Evansville Auto Auction, Evansville, Ind., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Sept. 25—Aptco Auto Auction, Taylor, Mich., and High Point Auto Auction, High Point, N. C.

Sept. 26—Southern Auto Auction, East Windsor, Conn.; Metro Milwaukee Auto Auction, Caledonia, Wis.; Columbus Fair Auto Auction, Obetz, O.; Kansas City Auto Auction, Kansas City, Mo., and Central States Auto Auction, Mason City, Ia.

Sept. 27—Corry Auto Auction, Corry, Pa., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Sept. 28—Concord Auto Auction, Acton, Mass., and Floyd Hauhe Auto Auction, Bridgeton, Mo.

Chrysler Corp.

Sept. 4—Hatfield Auto Auction, Hatfield, Pa.

Sept. 5—South Seattle Auto Auction, Inc., Kent, Wash.

Sept. 6—Aptco Auto Auction, Taylor, Mich.

Sept. 11—Hatfield Auto Auction, Hatfield, Pa.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; NuCarPrep System, Santa Fe Springs, Calif., and Florida Auto Auction of Orlando, Ocoee, Fla.

Sept. 12 — Sand Mountain Auto Auction, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, O., and Minneapolis Auto Auction, Plymouth, Minn.

Sept. 13—Golden Gate Auto Auction, Fremont, Calif.

Ford Motor Co.

Sept. 12—Columbus Fair Auto Auction, Obetz, O; Concord Auto Auction, Acton, Mass.; Golden Gate Auto Auction, Fremont, Calif., and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Sept. 18—Harrisonburg Auto Auction, Harrisonburg, Va.

Sept. 19—Minneapolis Northstar Auto Auction, Shakopee, Minn.

Sept. 20—166 Auto Auction, Springfield, Mo., and Skyline Auto Exchange, Fairfield, N. J.

Sept. 26—Brasher's Southern California Auto Auction, Fontana, Calif.

Sept. 27—Aptco Auto Auction, Taylor, Mich., and Nashville Auto Auction, Nashville, Tenn.

General Motors

Sept. 5—Hatfield Auto Auction, Hatfield, Pa., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Sept. 6—Nashville Auto Auction, Nashville, Tenn.

Sept. 11—Southern Auto Auction, Warehouse Point, Conn.

Sept. 12—Metro Auto Auction of Kansas City, Lee's Summit, Mo., and Salt Lake Auto Auction, Salt Lake City, Utah.

Sept. 13 — Indianapolis Auto Auction, Indianapolis, Ind.

Sept. 18—South Seattle Auto Auction, Inc., Kent, Wash.

Used Car Sales
Auction Averages

August	$5,189
Month ago	$5,226
Year ago	$5,272

Model breakdown
Auction Averages

	AUGUST, 1984	JULY, 1984	JUNE, 1984
1984	$9,763	$11,772	$10,601
1983	7,732	7,793	8,284
1982	5,882	6,759	6,185
1981	5,147	5,681	5,091
1980	4,310	4,222	4,358
1979	3,529	4,100	3,963
1978	2,456	2,644	2,432
1977	1,916	2,114	1,830
Overall Average	$5,189	$ 5,560	$ 5,436

auction directory

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Hatfield Auto Auction, Route 309, Bo.: 309, Hatfield, Pa. 215-822-1935. Every Tuesday—11 A.M. Pickup service.

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569,539 cars assembled

August output 6 pct. ahead of '83

Domestic auto production in August is estimated at 569,539 units, the most for that month in the 20 years for which records are readily available.

The total was 6.17 percent above the 536,421 cars built in the corresponding month of 1983.

The return of three General Motors plants last week and daily overtime at all the Chrysler Corp. points weren't enough to offset downtime at the American Motors Kenosha and GM Detroit facilities.

Last week's output was estimated at 134,355 units, down 1.90 percent from the previous week's 136,959, and down 4.34 percent from 140,445 built in the same period last year.

Model changeover continued last week at GM's Baltimore and Norwood facilities. Baltimore, idle since March 30, is slated to return Sept. 10 but will build Chevrolet minivans, not cars. Norwood, down since Aug. 24, is expected back Sept. 24.

Back last week from changeover at GM were the Doraville, Lansing and Lordstown assembly points.

All car facilities were idle today (Sept. 3) in observance of Labor Day.

Iacocca emphasizes quality in new Chrysler ad campaign

Chrysler Corp. will begin a new corporate advertising campaign Wednesday (Sept. 5) emphasizing its quality efforts.

"We have one and only one ambition. To be the best. What else is there?" declares familiar spokesman Chairman Lee Iacocca. Ads appear in print and on TV.

In one phase of the campaign, quality is discussed in two TV commercials and in a four-page color gatefold in the five major news weeklies. Print runs Sept. 17.

In another phase, the restyled '85 Aries and Reliant are introduced with a 60-second commercial, a two-page Sunday supplement newspaper spread and a three-page news weekly ad.

One corporate ad features Iacocca in an assembly plant and in a design studio, rebuffing the notion that "Americans can't cut the mustard anymore," and stating his and Chrysler's quality ambitions.

The four-page gatefold also features Iacocca under the headline, "You won't settle for anything less than the best cars, best protection, best service. Neither will we."

Copy details Chrysler technology, high-mileage turbo engines, extended warranty and other points.

Corporate commercials debut Sept. 5 and run through Oct. 6. There are 90 and 60-second versions, the 90-second version running 15 times and the 60-second five times on network TV.

The K-car commercial opens in an assembly-line setting, with Iacocca saying, "If it weren't for the great success story in the '80s, I wouldn't be here today," nor others who he points out worked on these cars.

He calls the '85 K-car versions "quieter and more efficient" and the "best (made) better."

Print picks up the same theme and details the new K-cars' aerodynamics, value, improved engines, mileage, low price, recall and warranty records.

The 60-second commercial runs 20 times between Sept. 13 and Oct. 1 on various network shows.

Supplements appear in Sunday, Parade and Family Weekly Sept. 16.

Three-page units appear in news weeklies Sept. 24.

Kenyon & Eckhardt handles corporate ads.

25 for Sommer

MEQUON, Wis. — Walter G. Sommer, of Sommer's, Inc., here, has received a plaque in honor of his 25 years as a Pontiac dealer.

CANADIAN CAR PRODUCTION

	Week Ended Sept. 1, 1984	Week Ended Sept. 3, 1983	Week Ended Aug. 25, 1984	Aug. Est.	Jan. 1 to Sept. 3, 1983	Jan. 1 to Sept. 1, 1984
AMERICAN MOTORS	.....	610	610	1,563	18,969	14,665
CHRYSLER CORP.	.....	.....	.....	.....	103,857	.....
FORD MOTOR	9,511	8,678	9,500	42,455	167,464	293,065
GENERAL MOTORS	7,803	6,851	6,457	26,420	352,284	410,383
VOLVO	225	225	225	450	6,657	6,932
Total Cars, Canada	17,539	16,364	16,792	70,888	649,251	725,045

TRUCK PRODUCTION IN U. S.†

	Week Ended Sept. 1, 1984	Week Ended Sept. 3, 1983	Week Ended Aug. 25, 1984	Aug. Est.	Jan. 1 to Sept. 3, 1983	Jan. 1 to Sept. 1, 1984
CHEVROLET	16,339	13,900	17,318	80,776	527,023	675,462
DODGE	4,100	2,761	5,076	18,725	92,032	136,340
FORD	21,283	20,480	22,230	97,780	587,385	784,591
GMC	5,747	4,288	5,231	25,474	169,218	218,536
INTERNATIONAL	1,611	1,086	1,749	7,642	33,664	50,983
VOLKSWAGEN	.....	.....	.....	.....	2,079	.....
JEEP	3,830	2,489	3,975	17,681	54,862	126,399
NISSAN	2,100	403	2,162	6,451	.....	64,189
AM GENERAL	50*	50*	50*	230*	1,680*	1,770*
MISCELLANEOUS	1,000*	1,000*	1,000*	4,600*	33,600*	35,200*
Total Trucks, U. S.	56,060	46,457	58,800	259,359	1,501,543	2,093,470

CANADIAN TRUCK PRODUCTION

	Week Ended Sept. 1, 1984	Week Ended Sept. 3, 1983	Week Ended Aug. 25, 1984	Aug. Est.	Jan. 1 to Sept. 3, 1983	Jan. 1 to Sept. 1, 1984
CHRYSLER CORP.	6,940	2,519	8,457	34,403	84,317	237,185
FORD MOTOR	2,940	3,263	2,936	12,880	88,958	101,835
GENERAL MOTORS	4,640	5,678	4,708	14,659	169,073	193,463
INTERNATIONAL	215	125	217	953	3,781	5,331
Total Trucks, Canada	14,735	11,585	16,318	62,895	346,129	537,814
N. American Trucks	70,795	58,042	75,118	322,254	1,847,672	2,631,384

†—Now includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.

Canadian makers build 17,539 cars, up 4 pct. for week

Canadian auto production rose last week due to the gradual increase of 1985 models at General Motors' Oshawa facilities. The GM gain in output more than offset inventory-adjustment downtime at American Motors' Brampton plant.

The auto makers targeted 17,539 units last week, up 4.45 percent from the previous week's 16,792, and up 7.18 percent from 16,364 cars completed in the comparable 1983 period.

Truck assembly fell 9.70 percents last week to 14,735 units as normal five-day operations resumed at Chrysler Corp.'s Windsor plant. There were 16,318 trucks completed in Canada the previous week as Saturday overtime was scheduled at the Chrysler facility. In the corresponding week last year, 11,585 trucks were built.

So far this year, the car manufacturers have finished 725,045 units, an 11.67 percent gain over last year's 649,251. Truck output for the year-to-date is up 55.38 percent to 537,814 units from 346,129 built in the comparable 1983 period.

No overtime; truck production dips for week

Truck production in the U. S. dropped slightly last week as no Saturday overtime was scheduled because of the Labor Day holiday.

The makers slated 56,060 units, down 4.66 percent from the previous week's 58,800.

The previous week's total included Saturday work at General Motors' Detroit, Janesville and Pontiac points, Chrysler Corp.'s Warren plant and Ford Motor's Lorain facility.

Last week's output was 20.67 percent above the 46,457 trucks assembled in the corresponding week in 1983.

So far this year, the makers have built 2,093,470 trucks, up 39.42 percent from 1,501,543 units finished in the comparable 1983 period.

All facilities are idle today (Sept. 3) in observance of Labor Day.

U. S. CAR PRODUCTION

	Week Ended Sept. 1, 1984	Week Ended Sept. 3, 1983	Week Ended Aug. 25, 1984	Aug. Est.	Jan. 1 to Sept. 3, 1983	Jan. 1 to Sept. 1, 1984
AMERICAN MOTORS	.....	4,645	4,859	16,289	119,793	131,709
AMC Total	.....	.....	.....	.....	4,071	.....
Concord	.....	.....	.....	.....	3	.....
Eagle	.....	.....	.....	.....	4,068	.....
Renault Total	.....	4,645	4,859	16,289	115,722	131,709
Alliance	.....	2,701	3,131	10,282	106,472	72,652
Encore	.....	1,944	1,728	6,007	9,250	59,057
CHRYSLER CORP.	19,450	17,774	17,332	59,948	565,083	819,282
Plymouth Total	6,250	6,281	5,550	20,080	202,513	243,271
Horizon	2,900	3,074	2,895	11,463	74,179	105,338
Reliant	2,500	3,134	1,737	5,494	125,121	115,835
Caravelle†	600	73	610	2,027	3,213	7,572
Gran Fury	250	.....	308	1,096	.....	14,526
Chrysler Total	6,000	4,564	5,596	17,724	135,181	272,451
LeBaron	1,400	1,456	1,094	3,252	58,137	80,477
Laser	900	719	830	2,175	3,312	48,239
Chrysler E-Class	1,100	2,389	873	2,678	73,732	65,964
Fifth Avenue	2,600	.....	2,799	9,419	.....	77,771
Dodge Total	7,200	6,929	6,186	22,144	227,389	303,560
Omni	3,000	2,487	2,614	10,796	82,942	99,676
Aries	1,800	2,468	1,355	4,200	93,083	91,852
Daytona	700	688	508	1,579	1,999	35,786
Dodge 400	.....	.....	.....	.....	18,478	.....
Dodge 600	1,130	1,286	949	3,067	30,887	51,359
Diplomat	600	.....	760	2,502	.....	24,887
FORD MOTOR	34,051	30,987	40,089	169,270	985,845	1,175,801
Ford Division	22,602	19,538	25,961	108,050	626,674	759,763
Escort	6,718	4,152	7,543	31,191	175,374	232,147
Fairmont	.....	.....	.....	.....	23,728	.....
Mustang	2,706	2,873	3,555	13,850	75,159	92,436
LTD	4,560	3,231	4,814	20,437	112,509	145,257
Thunderbird	3,508	3,842	2,943	13,418	127,737	100,639
Crown Victoria	1,741	1,911	3,000	10,162	61,639	54,639
EXP	1,079	.....	1,263	5,191	1,184	25,299
Tempo	2,290	3,529	2,843	13,801	49,344	109,346
L-M Division	11,449	11,449	14,128	61,220	359,171	416,038
Mercury Total	9,345	8,805	10,965	46,253	282,634	302,069
Lynx	1,508	1,101	1,662	7,064	50,574	46,266
Capri	238	903	320	1,207	15,244	11,236
Zephyr	.....	.....	.....	.....	8,601	.....
Marquis	2,174	1,397	2,798	11,565	48,862	78,336
Cougar	3,019	2,651	3,588	14,999	80,869	75,452
Grand Marquis	1,879	1,747	1,600	7,323	63,711	61,898
LN7	.....	.....	.....	.....	290	.....
Topaz	527	1,006	997	4,095	14,483	28,881
Lincoln Total	2,104	2,644	3,163	14,967	76,537	113,969
Continental	382	.....	837	3,774	8,793	26,129
Lincoln	1,471	2,644	1,958	9,506	47,553	68,197
Mark VI/VII	251	.....	368	1,687	20,191	19,643
GENERAL MOTORS	77,784	83,213	71,664	309,736	2,575,887	3,082,698
Buick Division	16,244	18,232	14,949	58,960	584,855	671,587
Skylark	3,200	3,146	3,253	11,828	66,576	70,273
Skyhawk	1,768	1,254	1,784	5,559	48,714	99,385
Somerset Regal	861	.....	.....	1,085	.....	1,980
Century	3,575	4,037	3,200	14,991	105,182	151,968
Regal	2,355	4,047	816	3,171	166,212	134,567
Buick	1,850	4,593	3,393	11,695	165,559	143,179
Riviera	1,040	1,155	926	3,411	32,612	34,886
Electra (fwd)	1,595	.....	1,577	7,220	.....	35,349
Cadillac Division	6,101	6,080	5,246	24,325	200,880	224,780
Cimarron	255	426	335	1,557	13,382	11,825
Seville	670	736	395	1,992	23,036	26,498
Eldorado	1,490	1,429	1,324	4,887	50,463	52,690
Cadillac	.....	3,489	.....	2,556	113,999	88,015
DeVille (fwd)	3,686	.....	3,192	13,333	.....	45,752
Chevrolet Division	28,945	27,442	29,931	118,113	844,016	1,059,298
Chevette	2,849	4,476	3,436	13,557	125,590	128,286
Cavalier	9,106	5,952	10,757	37,049	198,606	282,713
Celebrity	5,330	3,252	3,725	19,464	88,468	200,341
Camaro	2,845	4,346	4,732	20,703	131,048	177,034
Citation	2,970	1,812	2,673	8,206	68,058	77,203
Malibu/El Camino	276	663	277	553	99,030	16,899
Monte Carlo	1,568	2,828	1,400	6,516	67,095	76,359
Chevrolet	3,401	3,489	2,196	8,785	49,291	77,051
Corvette	600	624	735	3,280	16,830	23,412
Oldsmobile Division	14,092	21,170	12,301	65,633	678,549	757,010
Omega	.....	1,759	.....	.....	39,109	29,289
Firenza	1,364	914	1,313	4,022	31,736	48,453
Cutlass Supreme	4,695	6,720	2,962	16,066	199,286	185,291
Cutlass Ciera	73	5,199	2,857	15,990	137,978	184,880
Oldsmobile	3,125	5,695	2,141	14,213	242,815	231,712
Olds 98 (fwd)	2,854	.....	2,394	11,214	.....	44,200
Calais	1,181	.....	.....	1,533	.....	2,457
Toronado	800	883	634	2,595	27,625	30,728
Pontiac Division	12,402	10,289	9,237	42,705	267,587	370,023
Acadian†	.....	207	293	366	15,342	11,036
2000 Sunbird	2,788	3,362	3,405	9,875	68,610	100,009
1000	562	583	519	3,255	30,650	27,655
Firebird	1,495	2,578	2,345	10,834	63,659	81,814
Phoenix	.....	570	.....	.....	18,366	14,116
Grand Prix/Bonneville	2,128	1,830	.....	2,128	68,429	31,861
Parisienne	1,204	1,159	295	2,337	2,531	18,736
Fiero	2,400	.....	2,380	11,059	.....	82,545
Grand Am	1,825	.....	.....	2,251	.....	2,251
HONDA	3,000	1,470	2,935	14,065	29,697	90,384
VOLKSWAGEN	70	2,356	80	231	60,492	55,662
Total Cars, U. S.	134,355	140,445	136,959	569,539	4,336,797	5,355,536
Total Cars, Canada	17,539	16,364	16,792	70,888	649,251	725,045
N. American Cars	151,894	156,809	153,751	640,427	4,986,048	6,080,581
N. American Trucks	70,795	58,042	75,118	322,254	1,847,672	2,631,284
North American Cars and Trucks	222,689	214,851	228,869	962,681	6,833,720	8,711,865

†—All Acadians and Caravelles are built for sale in Canada. *—Estimated.

Chrysler's St. Louis plant sets record for model run

ST. LOUIS.—Chrysler Corp.'s Assembly Plant No. 1 here has broken an 18-year-old production record for a model year, the auto maker announced.

The Fenton plant turned out 242,501 cars during the 1984 model year. The previous high was 220,269 cars in the 1966 model year.

The plant produces Chrysler Laser and LeBaron; Dodge Daytona, 600 and Aries, and Plymouth Reliant.

C2700-1

Automotive News

September 10, 1984

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60th year—$40 per year, $1.00 per copy

New from Ford . . .

Crown Victoria heads lineup

Top model in the Ford Division lineup for 1985 is the full-sized Crown Victoria. An Ignition Diagnostics Monitor has been added to the Electronic Engine Control, and gas-filled shock absorbers are used. Story, other pictures are on Page 60.

. . . from Mercury . . .

Cougar—'85 edition

The '85 Mercury Cougar has new grille, wheel and taillight treatments. The instrument panel has been redesigned, and Cougar has side-window defoggers. A 60-40 split bench seat with consolette is standard, replacing individual seats with console. Story, other pictures are on Page 46.

. . . and from Ford of Europe

Lugano to replace Granada

At the end of this year, Ford of Europe will replace its Granada with the Ford Lugano. Instead of the traditional notchback, the new Lugano has a rather short deck with a wide rear door, similar to the Ford Sierra. The rear window is vaulted all around the roof posts and the styling seems to be aimed directly at the Audi 100.

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No cleanup blues for '84; some models are sold out

By Richard Johnson
Detroit Reporter

Dealers across the U. S. are reporting a smooth transition into the new model year, with limited 1984 carryovers and plenty of customers to sop up excess stock.

Continuing strong sales throughout the country are keeping most inventories lean, which in turn raises concerns among Ford and General Motors franchise-holders about the effect of a UAW strike.

Dealers have sold out of several models. Some carryovers may occur because individual retailers have sought to fatten inventories by purchasing aggressively within the dealer network.

"We're closing out real well," said Jerry Davidson, president and general manager of Century Chrysler-Plymouth, San Jose, Calif. "We have a few carryovers, but nothing we can't handle."

Profit margins have dropped at some outlets as dealers attempt to clean up stocks of '84s, and less popular and less profitable small cars make up a larger proportion of inventories late in the model year.

Meanwhile, dealers are still waiting for a better mix of tradeins. Worn-out, high-mileage cars are dominant, but some retailers report a growing number of late-model trades, suggesting that the new-car sales boom is responding to more than just pent-up demand.

• Joe Breslin, general manager at Wallace Buick-AMC/Jeep/Renault in Portland said he may carry over a few Centurys and Skyhawks, but only because they are strong sellers and he is trying to maintain an ample inventory.

"We'll have carryovers, but fewer than we are used to having," he said. "We have no problem cars, and we're sold out of Riviera and Electra."

Although he reported a slight sales drop-off in August, Breslin said inventories are such that a UAW strike will quickly produce a shortage.

However, things are less rosy on the AMC side of his business. He expects to carry over "a bunch" of Renault Alliance and Encore models.

"We have more product than we need," he said. "Alliance and Encore have been real slow. We've been offering them at invoice for the last month and they're still not moving. I don't

Continued on Page 57, Col. 1

Shock waves missing as makers price '85s

By John K. Teahen, Jr.
Managing Editor

Price season has happened for the 1985 domestic cars, and it hardly caused a ripple in the automotive world.

The reason: The '85 increases are moderate and probably will be accepted as such by new-car shoppers.

The boosts aren't like the heart-stopping bumps that the auto makers applied to their new cars just a few years ago. Those hikes produced an affliction known as "sticker shock" and helped dry up traffic in the nation's showrooms during the recession.

Ford Motor Co. wound up the Big Three pricing activities last week with a tentative boost averaging $225 or 1.9 percent.

Earlier, General Motors had posted an increase of $292, or 2.3 percent, and Chrysler Corp. had said its '85 cars would go up an average of $181, or 1.7 percent over the final '84 stickers. Chrysler's schedule, like Ford's, is tentative.

At American Motors, the tentative boost is 4.1 percent on Eagle and Jeep and 2.3 percent on Alliance and Encore. Last week, AMC said its new Alliance convertible will be priced at $10,295.

The Ford and GM increases were announced during contract negotiations with the UAW. It remains to be seen whether there will be additional boosts after the new pacts are reached.

• Chrysler hiked destination charges an average of $12 per car. GM and Ford did not boost those fees.

There was no change in dealer discounts for '85 on GM and Chrysler cars, but Ford cut out the dealer margin by one percentage point on seven lines of small cars.

The discount now is 14 percent, down from 15 percent, on the subcompact Escort, EXP and Lynx and the compact Tempo, Topaz, Mustang and Capri. Those cars account for about 47 percent of Ford Motor Co.'s car sales.

Automotive News estimates that if the dealer discount had not been changed, Ford Motor's '85 price hike would have been about $18 higher than the announced $225.

GM's average boost of $292 is

Continued on Page 8, Col. 3

Ford dickers with Koreans

By Dan McCosh
Detroit Reporter

Ford Motor Co. has been quietly negotiating with Korea's Kia Motor Co. to supply components and is exploring the possibility of small-car assembly in that country, Automotive News has learned.

General Motors previously announced plans to import into the U. S. annually about 80,000 cars built by its Korean affiliate, Daewoo Motor Co., beginning in 1986, and Chrysler has been negotiating with Korea's Samsung Group to build a new assembly plant in that country.

Ford's activities so far in Southeast Asia have concentrated mainly on its relationship with Mazda Motors, Ltd., and auto assembly in the Republic of China (Taiwan), where it recently announced a major expansion.

Kia assembles vehicles under license to Mazda and has close ties to that company, which is 25 percent owned by Ford.

The negotiations with Kia are

Continued on Page 57, Col. 5

breaking news

D. C. court to hear restraint challenges

WASHINGTON. — Court challenges to the new passive restraint standard will be heard in the District of Columbia Circuit Court, which is considered more friendly to the government and which is already on record as favoring air bags. Both the Ninth Circuit in California, where the Automobile Importers of America sued, and the D. C. Circuit, where State Farm Insurance and the National Assn. of Independent Insurers made their challenge, agreed on the Washington location.

Court rules in favor of EPA in GM case

WASHINGTON. — The Appellate Court in the District of Columbia has upheld, an EPA ruling that companies may have to recall and repair, free of charge, emission defects in cars beyond the five-year/50,000-mile warranty. Overturning an earlier three-judge decision means that General Motors —unless it takes the case to the Supreme Court—will have to

See BREAKING NEWS, Page 8, Col. 4

UAW tags GM as strike target; peace possible, both sides say

By Marjorie Sorge
and Michelle Krebs

The UAW chose General Motors as its single target company last week, and both sides are optimistic a settlement can be reached without a walkout.

"We've done a lot of work and I think we can do it," said Owen Bieber, UAW President.

Alfred S. Warren Jr., GM Industrial Relations vice president, said he is "very, very confident" a settlement can be reached and the "frame of mind on both sides is correct." The contract covering 350,000 GM workers expires on Friday (Sept. 14).

But Warren said the new contract must allow GM to be competitive in the world market.

"The point that must be uppermost in everyone's mind is that this contract must be competitive," Warren said. "We have to repeat time and time again that unless it is competitive, we have done a disservice to our industry, our country and certainly to the employes that are involved."

Auto analysts are not as optimistic. Most are predicting a strike lasting from one to four weeks at a cost of $250 million a week in lost production.

A national strike would not only hurt GM but would shutdown Chrysler in about four weeks, a company source said. Chrysler buys numerous parts from GM and although it is stockpiling some parts, a lengthy strike could be disastrous.

While most analysts have said a national strike will be called, some have indicated that selective strikes could be the order. In selective strikes, the union shuts down integral plants which in turn would severely damage the rest of the production schedule or cause it to halt completely.

• One analyst said a full-scale strike could hurt the union since it "is the weaker of the two parties. A national walkout makes it weaker."

While the UAW has a record strike fund of $563 million, it provides workers with only $85 a week plus payment of life and health insurance premiums. That is little incentive to strike for workers recently recalled after a long layoff, said another analyst.

According to John Hammond, auto analyst for Data Resources, Inc., if there is a strike at GM, it will last about three weeks and GM will lose 50,000 to 60,000 car sales. Most of those buyers will be in the big-car market and will buy from Ford instead of Chrysler which has few offerings in that segment, he said. The imports will get very little of that share.

Until last week, Ford and GM were twin targets. Peter J. Pestillo, Ford labor relations vice president, said he is disappointed Ford was not chosen as the target.

"We would have loved to have been first," he said. ". . . we think we can do our own deals better."

One of the major questions in this bargaining session is whether pattern bargaining will continue. Pattern bargaining is making an agreement with the target company and then requiring the other company to accept it. Both Pestillo and Warren have been warning that the pattern may not be accepted.

Pestillo said he does not think pattern bargaining will be automatic at Ford once a settlement is reached at GM. "Each company has special problems. I don't have a blank check to offer the union," he said.

"What they do will bear on what we do but will not control

Continued on Page 62, Col. 1

Renault ragtop

Alliance convertibles for AMC

The 1985 Renault Alliance DL (top) and Renault Alliance L convertibles represent American Motors' first ragtop offerings in 17 years. Public introduction is set for Oct. 1. Story and more pictures on Page 44.

VW to introduce 4WD Vanagon in Europe in '85

By Roger Rowand
Engineering Editor

WOLFSBURG, West Germany.—In the second half of next year, Volkswagenwerk is expected to introduce in Europe a four-wheel-drive version of its Vanagon which VW calls the Type II here.

The vehicle will have two major distinguishing characteristics, VW engineers said. They are comfort and the application of an unusual hydraulic 4WD setup.

"Our competitors' vehicles are quite uncomfortable on and off the road. Our four-by-four will be as comfortable as our two-wheel-drive Type II," a VW engineer said.

Comfort, he said, will be the product of such changes as increased spring travel, an unusual front-axle design and special attention being given to tires, springs and wheels.

The vehicle has no transfer case as most other 4WD units have hanging beneath them. Shift to four-wheel-drive is accomplished by means of two strong rails going from the rear to the front to a British-developed hydraulic coupling.

During normal travel, about 2 percent of the vehicle's power is transferred, or leaks, to the front wheels from the rear through the coupling.

With rear-wheel slippage, the speed of those wheels is higher than that of the front wheels and more of the power is shifted to the front-wheel driveshafts by way of the coupling until there is a 50-50 split of the available power, the engineer said.

It is called the Ferguson system and is similar to one used by American Motors in some Jeeps. Another similar arrangement was available as an option in the early 1970s on British-made Jensen sports cars.

Volume is 115 pct. of year earlier total

Service Index shows robust gain

By Francis J. Gawronski
Service Editor

Service and parts volume recorded by new-car dealerships rebounded in July after a decline in the growth rate the previous month, according to the Automotive News Service Index.

Shop business in July amounted to 115.1 percent of the business done in the same month a year ago. The increase in business over the same month the year before was 9.2 percent in June.

July marked the 17th consecutive month in which parts and service volume in new-car dealerships has shown an increase over the comparable year-earlier figure.

All five indicators used in the Service Index posted healthy advances in July, with shop parts sales (those used in both customer-paid and warranty jobs) recording the highest increase, 20.9 percent, over the year-earlier volume.

Gross profit on all labor, parts and accessory sales — the most important indicator from the dealer's viewpoint — was up 16.6 percent in July, with sales of parts and accessories showing a gain of 16.0 percent for the month.

Total labor sales (customer-paid and warranty) registered a gain of 15.8 percent over last year's total, while repair orders written jumped 10.4 percent above last year's numbers.

Figures used in the Service Index are averages compiled from reports on shop operations from a cross-section of the nation's new-car dealerships.

All five also showed strength during the first seven months of the year.

Shop parts sales topped the indicators with a gain of 24.6 percent, followed by sales of all parts and accessories, up 19.6 percent, and gross profit, up 18.7 percent.

Labor sales were up 15.7 percent for the period, while repair orders advanced 8.3 percent for the January-July period.

SERVICE INDEX
115.1*

	July, '84 vs. July, '83	7 mos., '84 vs. 7 mos., '83
Gross Profit on All Labor and P&A Sales	+16.6%	+18.7%
Repair Orders Written	+10.4%	+ 8.3%
Total Labor Sales (Customer & Warranty)	+15.8%	+15.7%
Shop Parts Sales (Customer & Warranty)	+20.9%	+24.6%
Sales of All Parts and P&A	+16.0%	+19.6%

*—Survey by Automotive News shows that dealers' service and parts business in July, 1984, was 115.1 percent of business in July, 1983. Service business in the seven months of 1984 was 117.1 percent of business in the corresponding period in 1983.

New marketing approaches to be emphasized

Ford to expand 'satellites' in 1985

By Richard Johnson
Detroit Reporter

Ford Motor Co. officials last week said they will emphasize a series of new marketing approaches during the 1985 model year, including expanded use of satellite dealerships to penetrate geographic areas which cannot support full-line retailers.

The marketing plans, which also include product simplification, regionalized marketing, demographic targeting and use of computerized selection centers, were cited last week during a preview of Ford's 1985 model lineup.

Louis Lataif, Ford Division general manager, said the division has 88 satellite dealerships around the country, including five mall outlets operating in shopping centers. The satellites are separate dealer points owned entirely by nearby dealerships.

"We're learning new ways to go where the public is instead of forcing them to come where we are doing business," he said.

Lataif said the division hopes to increase the number of satellite operations to 100 by the end of the calendar year. But he said the company is still exploring the concept to determine the best formula.

Some satellites are strictly service operations, while others are exclusively sales or rental offices displaying products. Some outlets emphasize service, while others provide minimal servicing, according to Lataif.

"We're still learning which ones will work, because they won't all work," he said. "Some will turn out as a class not to be a good idea. But it is a way for us to go back into the market areas which can't support full-time dealerships any longer and not cut the pie up into smaller pieces among more dealers."

Lataif said the satellites and mall stores are designed to expose customers to hardware they wouldn't ordinarily see.

"Down in the Tampa Bay (Fla.) mall, for example, 25,000 customers per day stroll through the place," he said. "Many of them are now looking at Fords they wouldn't otherwise see. They wouldn't necessarily be Ford buyers. So it generates a lot of sales outside the mall."

According to Philip Benton, Ford Motor vice-president for sales operations, product simplification is intended to reduce buyer confusion by limiting the number of option combinations. In turn, the simplified product offerings will make for cost efficiencies in the manufacturing process, he said.

Benton said virtually all cars and trucks in the Ford line will be merchandised in this manner by 1987. Lincoln-Mercury launched its simplified "complete car strategy" in five Western states last year and will extend the concept across all car lines in 1985.

For example, Mercury Topaz will be available in just two series in 1985, with each series equipped with options most often ordered by customers.

"This strategy permits cus-

Continued on Page 8, Col. 4

Mercury Merkur priced at $16,361

Lincoln-Mercury last week placed a $16,361 price tag on the Merkur XR4Ti, a sports sedan designed and engineered by Ford of Germany that will be sold by L-M in the U. S. beginning this fall.

The price puts the two-door, five-passenger Merkur about $1,000 under a comparably equipped BMW 318i, according to L-M General Manager Robert Rewey. The division is planning on sales of about 20,000 XR4Ti models during the '85 model year.

Honda's 2nd sales net called Acura in U. S.

LOS ANGELES. — American Honda's second U. S. distribution channel in the U. S. has been named Acura, the company announced last week.

Acura will sell a line of upscale sedans and sports cars.

The new name is a coined word selected by the U. S. unit of Honda with help from outside consultants.

Ed Taylor, formerly senior manager of auto distribution at American Honda, will head the new division. Plans call for a separate divisional identity, including company colors which have yet to be selected.

The first dealers are expected to be named before the end of the year. Acura is projected to have about 120 dealers.

BMW, GE Credit form financing leasing ventures

MONTVALE, N.J.—BMW of North America and General Electric Credit Corp. have entered into a $400 million joint venture to offer a full range of retail and lease financing to BMW's automobile and motorcycle dealers.

GECC had provided third-party leasing and inventory financing to BMW dealers through a BMW-endorsed financial services program. The joint venture leaves the GECC floorplanning service intact, but places leasing under a newly formed leasing subsidiary, BMW Leasing Corp.

BMW Credit Corp., headquartered in Barrington, Ill., with GE Credit Auto Lease, Inc., will be 51 percent owned by BMW-NA and 49 percent by GECC. BMW Leasing, also in Barrington, will be owned by BMW. GECC will provide administrative and financial management services for both.

Initial funding will come through equity contributions by GECC and BMWNA; subsequent funds will be raised by issuance of commercial paper and medium-term debt.

Operations are scheduled to begin Nov. 1 in Illinois and Ohio. A nationwide rollout of the program will take place over six to nine months.

Parayre resigns as Peugeot chief; Calvet steps up

PARIS. — Peugeot S.A. president Jean-Paul Parayre has resigned. New president is Jacques Calvet, president of Peugeot's two automotive units, Citroen and Peugeot-Talbot.

Calvet will remain the head of Citroen, but Jean Boillot has assumed temporary responsibility for Peugeot-Talbot, and he is expected to be named president of the group at the directors' meeting Sept. 24. Boillot's title has been Automobiles Peugeot executive vice president, in charge of Peugeot and Talbot.

A statement issued by Peugeot said Parayre, 49, resigned for organizational reasons. He joined Peugeot in 1974, shortly after the company acquired Citroen. He was made president in 1977. The following year, Peugeot purchased Chrysler-Europe (Talbot), making Peugeot Europe's largest volume maker.

Calvet, former chairman of Banque Nationale de Paris, had Automobiles Citroen added to his responsibilities late last year. He headed Automobiles Peugeot since 1982.

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60th year — No. 5039

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Buick import fighter

Somerset Regal debuts

Taking aim at the smaller, sporty-yet-luxurious imports, the new Somerset Regal from Buick is available its first model year in two-door models, Coupe and Limited. A new version of the 2.5-liter transverse-mounted four with throttle body fuel injection and manual five-speed transmission are standard. Story, other pictures on Page 32.

Judge clears way for bankruptcy proceedings

DeLorean's legal saga continues

By Michelle Krebs and Edward Lapham

The seemingly endless saga of John Z. DeLorean's legal woes reopened in U.S. Bankruptcy Court in Detroit. Judge Ray Reynolds Graves granted a motion from trustee of the bankrupt DeLorean Motor Co. to vacate the March 6 stay, which held bankruptcy proceedings in abeyance during DeLorean's West Coast drug trial.

DeLorean was acquitted of all charges in the drug case.

On another front here, a federal grand jury, which has been investigating DMC financial irregularities for more than a year, seemed close to ending its work. Sources close to the investigation, and DeLorean's own attorneys, said the grand jury could decide before Oct. 1 whether to issue indictments.

Attorneys for DeLorean argued that bankruptcy proceedings should remain on hold until the grand jury concludes its investigation. They said DeLorean's protection against self-incrimination provided under the Fifth Amendment would be jeopardized if bankruptcy proceedings were allowed to continue.

"If he pleads the Fifth to the grand jury, he can't defend himself here," argued Donald Re, one of the attorneys who also represented DeLorean in the drug case. "And if he talks in this case, he runs the risk of incriminating himself at the grand jury."

Nevertheless, Judge Graves ruled bankruptcy proceedings should move forward now that DeLorean has been acquitted of drug charges.

Also during the hearing, Robert Weiss, attorney for DMC trustee David Ailard, tried to take testimony on what he called "disturbing new evidence" that allegedly showed DeLorean was diverting funds from the estate.

One check for $200,000 was made out to DeLorean while a second was made out to DeLorean and his wife, Cristina Ferrare. A third check for $830,000 was made payable to Bernard Minsky, DeLorean's first attorney in the drug case.

Judge Graves cut short further testimony from Levin, ruling the defense team hadn't been adequately alerted to the nature of his testimony.

Following the hearing, Weiss refused further to discuss details regarding the checks. He said the issue would come up again in court.

DeLorean's attorneys said they did not know if they would appeal Graves' decision.

"I'm not doing anything else until I know I'm going to get paid," said attorney Howard Weitzman.

DeLorean had turned over his Pauma Valley ranch in San Diego County to Weitzman in lieu of legal fees in the drug case. The creditors committee, however, has sued Weitzman over the transaction, and the case will be heard in California next month.

• Meanwhile, the federal grand jury and task force of federal agents investigating DMC finally began calling witnesses after more than a year of reviewing thousands of documents subpenaed from former DMC officials, attorneys and company files.

Some observers familiar with the DeLorean matter have criticized the pace of the grand jury investigation, which seemed to drag along in 1983 when it appeared the government had a good drug case against DeLorean. Earlier this year, however, a new assistant U.S. attorney was named to head the task force and the pace has accelerated.

Sources familiar with the investigation said the main thrusts of the probe are criminal tax fraud and bankruptcy. One area of key interest was the 1978 disappearance of $17.65 million in car project funds which vanished into a European bank maze.

The creditors committee believes DeLorean eventually used at least a portion of the allegedly misappropriated funds to acquire a snow-grooming equipment company in Logan, Utah.

Investigators also believe there may have been bankruptcy fraud involved in a 1983 attempt to reorganize the defunct car company.

AUTOMOTIVE NEWS sources last week said the grand jury investigation could culminate in a number of indictments for criminal tax fraud, bankruptcy fraud and a host of other related charges. Likely targets of any indictments are said to include DeLorean, former DMC officials, attorneys and even a few foreign business people.

• It has been nearly two years since bankruptcy proceedings began.

DMC filed for Chapter 11 bankruptcy status on Oct. 25, 1982, just one week after John DeLorean was arrested in Los Angeles. The proceedings began before Bankruptcy Judge George Woods and immediately developed a complicated, vitriolic air.

The creditors committee, chaired by New York attorney Malcolm Schade as a representative of various British Government interests which advanced cash to the sports-car project, aggressively tried to maintain and enlarge DMC's estate to pay creditors' claims.

During the proceedings, the creditors committee convinced the court to attach some of DeLorean's personal property pending outcome of adversary proceedings which could prove DeLorean misappropriated company funds for his personal use.

All proceedings, divided between Woods and Graves, were held in abeyance by the March 6 stay because of the criminal case in California but will now proceed. The next scheduled hearing is Sept. 18 when Graves will decide whether DeLorean must turn over additional documents.

Vanagon recalled for door repair

TROY. — Volkswagen of America is recalling about 16,000 1981 and 1982 Vanagons and Campers to replace front-door springs that hold the latches.

VWoA said the locks could open in an accident or if extreme forces are extended against door interiors.

The retaining springs which were not built to specification will be replaced with ones that are to spec, VWoA said. VWoA said it knows of no accidents involving the faulty springs.

Network includes 319 dealers

New Porsche setup kicks off operations

By John A. Russell
New York Staff Writer

NEW YORK. — Porsche Cars North America is officially importing and distributing cars in the U.S. through a network of 319 dealers.

The company took over the operations Sept. 1, and John Cook, president, said the 319 dealers represent 97 percent of the existing Porsche dealers in the U.S.

After a tumultuous start earlier this year, Cook reported, the 100,000-square-foot parts building on a 15-acre site in Reno is complete and ready for parts distribution. He ordered $9 million in parts from the manufacturer, and those parts have been received.

The 13-acre Eastern distribution center at the Charleston (S.C.) airport is under construction but a temporary facility is operational for parts distribution.

As for cars, the new company will process dealers' October and November allocations and cars are expected to arrive under the new banner in mid-September.

The company has hired more than 100 employes including 40 field staff personnel and it anticipates employing 280 persons when the operation is in full swing.

• As for dealers, in late September the company will hold 10 regional dealer meetings to explain new procedures, but the company said that operating manuals, terms and conditions as well as microfiche containing parts pricing information have already been mailed to the dealers.

Customer complaints are being handled out of the new headquarters building in Reno and technical training has started.

In addition, a direct computer link with dealers is being pilot-tested in 11 Western dealerships and the system will be introduced nationwide as soon as testing is completed.

As for litigation, Porsche Cars has settled one lawsuit with World-Wide Volkswagen, an Eastern distributor, and anticipates that litigation with two other independent distributors will be settled shortly. All dealer suits have been dismissed or dropped, according to Cook.

Also, Porsche Cars will introduce the 928 four-valve model in late 1984 or early 1985, he said.

Cook also reported that the overall marketing strategy has been completed and both the advertising agency and the public relations agency are working on specific plans for a fall media kickoff.

Joe Wilssens

New competitor

Morris Tanenbaum, chairman of AT&T Communications, tells the World Congress that Ford Motor Co.'s communications inroads are making it a serious competitor of AT&T.